

Cultural Daily

Independent Voices, New Perspectives

3 reasons to invest in altcoins ? and how to simplify portfolio allocation

Our Friends · Friday, December 6th, 2024

Bitcoin was the first cryptocurrency in circulation, shapeshifting the financial industry by introducing decentralization, transparency, and immutability into a fully centralized ecosystem. Unfortunately, after becoming an important asset, Bitcoin's volatility surpasses investors' capabilities to handle it.

Therefore, alternative cryptocurrencies ? altcoins ? appeared to help investors and developers increase their chances for profit. Altcoins have complex utility cases, ensuring investors have a plethora of options to choose from. For example, Dogecoin rose in popularity due to its social impact in communities on Reddit and Twitter. Users follow the [Dogecoin price](#) and reward artists on social media for their content.

So, investing in altcoins has numerous benefits, from accessing innovative technologies to diversifying their portfolios. However, tens of thousands of altcoins are on the market, some of which projects are dead due to being outdated. So, how can you make better use of altcoins?



DOGE altcoin is a popular alternative to Bitcoin.

Altcoin classification

Altcoins are any other coin than Bitcoin because they were created as a solution for its massive volatility, transaction prices, and mining complexity. These assets are so vast that we can categorize them into five groups:

- Stablecoins are pegged to currencies like the US dollar to counteract volatility, such as Tether;
- Utility tokens are specific to particular ecosystems, like the BNB coin to the Binance Smart Chain;
- Meme coins are part of the pop culture memes, so we talk about Dogecoin or Pepe coin;
- Mining-based coins use mining to verify transactions, like Litecoin;
- Forks are new coins from the same blockchain with improved features, including Ethereum Classic;

Each altcoin has a different use case across environments, which is why its values are so different. Miners, developers, and nodes leverage altcoins for specific reasons, compared with investors who only seek to profit from them. At the same time, there are many reasons to include altcoins in an investment portfolio.

Altcoins are affordable

Bitcoin is revolutionary, but it's also getting more and more difficult for beginners in the industry to acquire. Of course, you can buy small amounts of Bitcoin since it's made of 100 million Satoshi units. Therefore, you may be able to buy as little as \$1 worth in Satoshi, but this requires investors to support the portfolio with alternatives.

That's why altcoins are the best solution. They're affordable, and many have reached considerable value and market trust. For instance, Solana, Cardano, and Tether are the most well-known altcoin

projects, and they're renowned for their low fees and fast transaction times.

As a beginner, you can invest in multiple altcoins across the market to increase your portfolio's value. Check for small-cap currencies like Pepe Unchained, Flockerz, or Sponge V2 to spread out your investments.

Altcoins are rewarding

One of the best things about altcoins is that even if you're not a beginner and like to play with market values, numerous rising altcoin projects spark interest. In many cases, new altcoins have gained rapid traction since their launch and can leverage great returns.

This is the case of meme coins, primarily because they're based on popular memes through which communities worldwide bond. The Dogecoin was based on the Shiba Inu dog photographed in 2010, which started a cultural movement online and in advertising. The Pepe coin was also established on Pepe the Frog, which has been an ongoing meme since 2005.

When these coins appeared on the market, many people invested in them as a joke, but soon, things became serious when their values exploded. Therefore, they brought significant rewards to early investors. However, the tricky thing about them is they can stagnate for a good time until they carry back utility.

Altcoins are short-term investments

Investing in crypto can become profitable faster and easier with altcoins. While everyone advises that long-term investments are safer, short-term investments bring more [liquidity](#) and fewer risks due to less exposure to market fluctuations.

At the same time, altcoins offer flexibility in investments, so you can change your positions and market conditions easier than investing for the long term. However, this requires more significant effort in researching altcoins and their features, as well as understanding market volatility and indexes.

Following whale movements (big players on the market) can help monitor its movements and help you change your positions quickly. For example, if a whale sells a lot of crypto from their wallets, it might showcase an upcoming price drop and vice versa.

How do you allocate altcoins in your portfolio?

One of the biggest problems with alternative crypto stands right in their best features ?their newness. While many altcoins start as impressive on the market and are welcomed with enthusiasm from investors, they'll soon lose all the spark and add to the multitude of dead altcoins.

Some say that more than half of the market's cryptocurrencies have failed since 2020, so we don't truly have that many altcoins to invest in. Out of the approximate 20,000 coins in existence, only the top 20 are already part of 90% of the market, according to Statista.

Therefore, there's no way to tell if the altcoin project you invest in will have a long life. The truth is that many fun altcoins have no use cases or utility, so they're not set for success. In addition, some crypto projects are simple scams for which you must pay close attention before investing

your money.

Look for clear signs like promises of high guaranteed returns and anonymous teams behind these projects to determine if the altcoin is to be trusted. In addition, the lack of regulatory compliance might mean the project is unsafe since it doesn't adhere to KYC (Know Your Customer) and AML (Anti-Money Laundering) policies. Even if they're decentralized, altcoins must follow some guidelines.

What do you think about altcoins now?

Alternative cryptocurrency aims to provide users and investors with a Bitcoin alternative since it tends to get volatile and expensive. Therefore, every coin that's not a store of value asset is an altcoin, including Ethereum, Dogecoin, and Tether. These cryptocurrencies are essential for the market, and investors should look into them because they're affordable, rewarding, and allow for short-term investing.

[CLICK HERE TO DONATE TO CULTURAL DAILY.](#)

This entry was posted on Friday, December 6th, 2024 at 6:08 am and is filed under [Cryptocurrency](#). You can follow any responses to this entry through the [Comments \(RSS\)](#) feed. You can leave a response, or [trackback](#) from your own site.